

## **Corruption in Business and Government**

- \*Government found it difficult to keep up with the business boom
- \*In the past, they had practiced **laissez-faire** (hands-off) government
- \*Union Pacific Railroad was involved in bankruptcy fraud - transferred money from one corporation to another
- \***Ulysses S. Grant's cabinet** was deeply involved in unscrupulous practices
- \***Spoils system**: Giving jobs to your friends

## **PostWar Industrial Expansion**

- \***US = Industrial & Agricultural Giant** by end of 19th century, world economic power
- \*Exploitation of natural resources
- \*New markets opened up
- \***Railroads led to the creation of time zones, need for steel, coal**
- \*New inventions changed American lives
- \***Alexander Graham Bell, Thomas Edison** = great inventors of the time\

## **Entrepreneurs**

- \***Andrew Carnegie** - Iron into steel - Steel industry tycoon - he incorporated every phase of steel making (**vertical integration**) - **philanthropist (duty of man of wealth, according to him) - led to a monopoly**
- \***John D. Rockefeller - Standard Oil**, consolidated many oil operations, controlled 95% of oil refineries across the U.S. (**Horizontal integration**)
- \*Monopolies grew, public was upset - economy began to suffer

## **The Government Steps In**

- \*Many believed that the government should step in, others believed in "Social Darwinism" - the strong will thrive, the weak will die
- \*State level politicians tried to regulate monopolies in the railroads
- \***Sherman Anti-Trust Act**: Trust that restrained economy was illegal, but had too many loopholes